Saskmilk

UPDATE

May 16, 2012

QUOTA EXCHANGE

The market-clearing price established for the May, 2012 Quota Exchange was $31,250.00

The next Quota Exchange will be held on June 15, 2012. All offers to sell and bids to purchase quota through the Quota Exchange must be received at the SaskMilk office by midnight, June 6, 2012. SaskMilk recommends that offers and bids be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary.

Just a reminder to producers that when making bids on the Quota Exchange, the price on offers to sell quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Exchange. Conversely, the price on offers to purchase quota is the maximum price that the producer is prepared to pay for that quota. Only if the market-clearing price is equal to or less than the producer's maximum price will that producer qualify for participation in the Exchange. The clearing price is set at the price where the smallest difference exists between the accumulated volume offered for sale and the accumulated volume bid to purchase.

The results of the Quota Exchange are outlined in the following Table.

MAY, 2012 QUOTA EXCHANGE RESULTS SUMMARY

Market Clearing Price per kilogram of butterfat	**$31,250.00**
Daily Kilograms offered to Purchase	**17.00**
Kilograms offered to Sell	**141.83**
Kilograms sold	**15.28**
Number of Producers	
- offered to purchase	**3**
- purchased quota	**3**
- offered to sell	**8**
- sold quota	**2**

MAY, 2012 QUOTA EXCHANGE CLEARING PRICE RESULTS

Price ($/daily kg b.f.)	No. of Sellers	Cumulative Sellers	Daily Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Daily Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
28,500.00	1	1	0.28	0.28	-16.72	17.00	0.00	3	0
31,250.00	**1**	**2**	**15.00**	**15.28**	**-1.72**	**17.00**	**0.00**	**3**	**0**
31,500.00	2	4	28.00	43.28	26.28	17.00	0.00	3	0
32,100.00	1	5	20.00	63.28	46.28	17.00	0.00	3	0
32,200.00	0	5	0.00	63.28	46.28	17.00	5.00	3	1
32,500.00	2	7	56.31	119.59	107.59	12.00	10.00	2	1
32,850.00	1	8	22.24	141.83	139.83	2.00	0.00	1	0
33,000.00	0	8	0.00	141.83	139.83	2.00	2.00	1	1

TRANSFER CREDIT SUMMARY REPORT

MONTH	# OF PRODUCERS TRANSFER IN	# OF PRODUCERS TRANSFER OUT	TOTAL KGS BUTTERFAT
April	21	14	20,912
May	14	16	17,747
June	20	18	21,400
July	14	13	18,903
August	19	26	29,476
September	14	13	15,745
October	23	21	25,971
November	25	27	27,199
December	23	22	22,169
January, 2012	18	16	22,543
February	18	16	13,595
March	16	16	8,585
April	30	18	27,232

OVER QUOTA (OVER 10 DAYS) REPORT BY MONTH

MONTH	# OF PRODUCERS	KGS BUTTERFAT
April	1	104
May	2	185
June	2	392
July	2	267
August	1	78
September	2	157
October	3	357
November	3	329
December	4	1,032
January, 2012	10	2,606
February	11	4,724
March	11	3,154
April	27	9,368

SUMMARY REPORT OF CREDITS April, 2012 – 175 PRODUCERS

DAYS	# OF PRODUCERS	POSITIVE CREDITS ACCUMULATED (KGS OF BUTTERFAT)
+10	0	0
+ 5 to +10	27	13,284
0 to + 5	48	18,952
TOTAL	75	32,236
DAYS	**# OF PRODUCERS**	**NEGATIVE CREDITS ACCUMULATED (KGS OF BUTTERFAT)**
-20	0	0
-15 to -20	13	-23,576
-10 to -15	22	-52,574
-5 to -10	22	-20,864
0 to -5	43	-17,526
TOTAL	100	-114,540

WEIGHTED AVERAGE COMPONENT TESTS & PRICES April, 2012

Components	Average Test	Price per kilogram Class 1 to 5
Butterfat	3.8763	11.025686
Protein	3.3209	8.025686
Other Solids	5.7300	1.162842

Based on the average component tests for the province, the average price received was **$76.0543** per hectolitre. **The average butterfat price received per kilogram was $19.37.**

LOWER COMPONENT PRICES – APRIL, 2012

April, 2012 component prices were down compared to previous months.

The Saskatoon plant processed approximately 6.8 million litres of milk into 4m (animal feed) permits in April. SaskMilk requested and received an advance of $1,049,972 on April pooling results from the Canadian Dairy Commission. This advance increased the average butterfat blend price producers' received from $17.96 to $19.37.

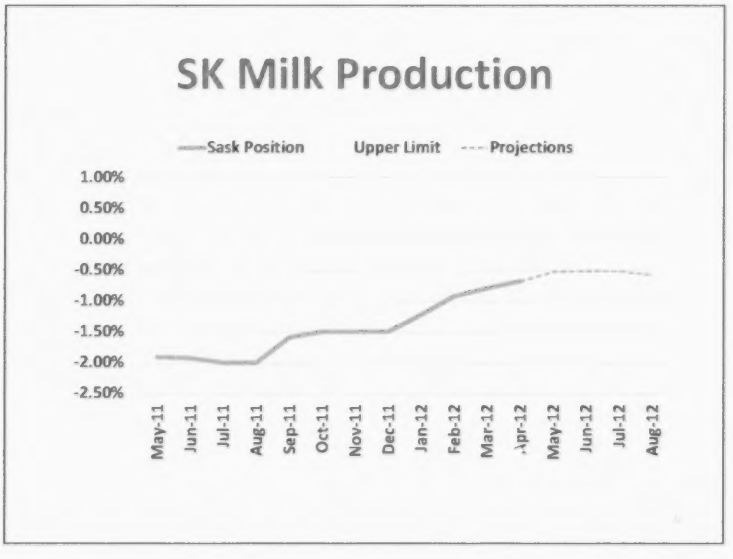
SaskMilk anticipates component prices will be back to normal for the May month-end payment.

SASKATCHEWAN MILK POOL RESULTS April, 2012

Milk Sale Revenue	$ 12,738,516.52
Western Milk Pool	$ 721,267.58
Western Milk Pool Advance	$ 1,049,972.00
Dairy Farmers of Canada Skim Off	$ - 15,734.13
Plant of Last Resort Service	$ - 55,243.80
Total Pool Value	**$ 14,438,933.92**

LOST OPPORTUNITY REPORT

MONTH	# OF PRODUCERS	LOST OPPORTUNITY (KGS OF BUTTERFAT)
April	20	5,157
May	24	6,688
June	18	5,490
July	24	7,904
August	24	10,994
September	28	13,098
October	21	8,137
November	18	5,354
December	10	2,240
January, 2012	6	1,106
February	4	1,487
March	8	3,854
April	13	9,776



In April, Saskatchewan had a monthly CDC allocation of **735,251 kilograms** of butterfat. In the month of April, Saskatchewan production was **9,273 kilograms** of butterfat **over** and cumulatively **under** by -61,708 **kilograms** of butterfat. On a percentage basis, Saskatchewan is at **-0.68%** within our CDC allocation flexibility limits based on the Continuous Quota model. The -1.50% lower flexibility limit is in effect.

	(1) Monthly Total Production Kgs bf	(2) Total Monthly CDC Quota Allocation Kgs bf	(3) Monthly Over or (Under) Production Kgs bf col. 1 – 2 = 3	(4) Lower Flexibility Limit **(1.5%)** Kgs bf col. 9 * -1.5%	(5) Upper Flexibility Limit **1.0%** Kgs bf col. 9 *1.0%	(6) Cumulative Over or (Under) Production with limits Kgs bf	(7) Cumulative Over or (Under) Production with limits in - % col. 6 / 9	(8) Over Quota or (Lost Production Opportunity) Kgs bf	(9) Rolling 12 Month Total Quota Kgs bf
Apr-11	723,139	737,593	(14,454)	(175,933)	43,983	**(167,955)**	**-1.91%**	0	8,796,654
May-11	750,663	750,954	(291)	(176,510)	44,127	**(168,245)**	**-1.91%**	0	8,825,483
June-11	723,059	725,685	(2,626)	(177,134)	44,283	**(170,871)**	**-1.93%**	0	8,656,690
July-11	725,673	736,879	(11,206)	(177,781)	44,445	**(177,781)**	**-2.00%**	(4,296)	8,889,063
Aug-11	733,202	745,258	(12,056)	(178,337)	44,584	**(178,337)**	**-2.00%**	(11,500)	8,917,847
Sep-11	716,780	744,377	(27,597)	(178,670)	44,667	**(142,052)**	**-1.59%**	(63,882)	8,933,497
Oct-11	762,771	774,160	(11,389)	(134,262)	44,754	**(134,262)**	**-1.50%**	(19,179)	8,950,830
Nov-11	754,256	767,286	(13,030)	(134,481)	44,827	**(134,481)**	**-1.50%**	(12,811)	8,965,400
Dec-11	786,189	790,598	(4,409)	(134,551)	44,850	**(138,320)**	**-1.54%**	(570)	8,970,053
Jan-12	800,269	771,312	28,987	(134,755)	44,918	**(109,363)**	**-1.22%**	0	8,983,638
Feb-12	752,035	725,489	26,546	(135,400)	45,133	**(82,817)**	**-0.92%**	0	9,026,671
Mar-12	781,420	769,585	11,835	-135,588	45,196	**(70,982)**	**-0.79%**	0	9,039,176
Apr-12	744,524	735,251	9,273	-135,553	45,184	**(61,708)**	**-0.68%**	0	9,036,834

(1) Monthly Production in Saskatchewan
(2) Total Monthly Quota = Class 1 sales + Monthly MSQ + Carry Forward
(3) Difference between the monthly production (1) and the total monthly quota (2)
(4) The Lower Flexibility Limit is -1.5% of Rolling 12 Month Total Quota (9)
(5) The Upper Flexibility Limit is 1.0% of Rolling 12 Month Total Quota (9)
(6) Previous Month Cumulative Over or (Under) Production + Current Monthly Over or (Under) Production (capped at lower or upper limit if applicable)
(7) Equal to Column (6) expressed as a percentage basis within the flexibility limits
(8) Over Quota or (Lost production opportunity) outside of flexibility limits
(9) Total Monthly CDC Quota Allocation for the previous 12 months

PROVINCIAL POOLED TRANSPORTATION RATE CHANGE

The SaskMilk Board of Directors recently reviewed the Saskatchewan operations financial report of Agrifoods International Cooperative Ltd. for the 6 month period ending December, 2011. An increase in the volumes being shipped has resulted in an increase in revenues for Agrifoods creating a surplus over agreed rate of return.

Agrifoods requested a rate decrease of 3.5%. Following a review of these rates, SaskMilk approved a rate decrease of 3.5%, to be applied to the provincial pooled haulage rate. The rate decrease will be applied April, 2012 and will be effective for a 6 month period. Monthly fluctuations may still occur depending on the rate of the fuel surcharge.

SASKATCHEWAN MOVING TO A FULLY POOLED PRODUCER TRANSPORTATION RATE

In the Fall of 2011, the SaskMilk Board of Directors established a Task Force of dairy producers to examine the current transportation cost pooling policy. The guiding principles for policy review were:

- *Equity and Fairness with no significant financial harm to any individual*
- *Desire for a diverse industry, both producers and processors located throughout the province*
- *A policy that would be farm size or farm location neutral, within existing milk routes*
- *Transparency in understanding the haulage system true costs*
- *A transparent, clearly understood policy by all members.*

Over a number of months, the Task Force carefully examined the current method of cost-sharing milk transportation costs amongst producers and presented a report to the SaskMilk Board of Directors in March, 2012. After careful consideration of the options presented by the Task Force, the SaskMilk Board took out a proposal to the spring 2012 producer meetings to receive feedback. Specifically, producers were asked if it was time for Saskatchewan to pool all transportation costs equally among all producers, based on milk volume shipped.

The SaskMilk Board had concluded that a single or pooled rate system without stop fees and without a volume discount most closely fit the identified guiding principles and represented the most equitable and fair solution for all members regardless of where they are located within the province and regardless of farm size. The single rate or pooled system sets the stage for every member to share in the benefits that arise from additional processing capacity within the province.

Feedback on the proposal at producer meetings was positive, with the general sense that it was time for Saskatchewan to move to a single rate system.

After considering the feedback from producers, the Board will be implementing a single-rate transportation cost pooling system effective August 1, 2012. The revised policy document will be distributed to producers in June.

RESEARCH REPORT MAY, 2012 – Jack Ford

I hope that spring work is proceeding well for all of you. Our research project is moving along at a good pace now. I recently talked with the site construction manager and he informed me that for now the construction is running 2 to 3 weeks ahead of schedule. The picture below is of the Metabolic Wing and was either taken by Dave Christensen or Matt Walpole (grad student). Dave and Matt send us new pictures each week which are very much appreciated!

The Dairy Advisory Board held its second meeting recently to discuss a number of topics. Most notably were the talks around including more commodity groups around the table and acceptance of a number of proposed future projects. SaskMilk becomes the lead sponsor on the majority of the dairy related projects. Our role is to be the industry component for any project that is requesting federal funding and industry must always take the lead role. Much of this funding is through the Federal Government CAAP funding which is administered provincially by the Agriculture Council of Saskatchewan (ACS). This is a system that has worked very well for several years because the research people in our province are able to talk directly with the ACS people and when an application comes forward and there are any unanswered questions or concerns, the ACS people can seek out their answer very quickly and efficiently. The reason I have gone into this long winded explanation is because when the Federal Government brought down their new budget recently, there were several cuts identified, one of them being the research mechanism. ACS will no longer be administering CAAP funding applications after 2014, the same can be said about the other provinces as well. The Federal Government will require all future applications to be dealt with by Ottawa. In my mind we had fourteen very efficient groups handling the funding in fourteen very distinct regions of Canada. How can we expect an over worked office in Ottawa to be as efficient and as understanding of each province's needs as what we have now?

The planning around the gallery components is well underway. We were successful in having our partners (the University) include several of our industry partners in the planning stage. SaskCanola, SaskFlax, Agriculture in the Classroom, 4H, and the Western Grains Research Fund were all present. We hope that the focus of the gallery will be "from field to table" to show our future visitors how much effort the Canadian farmer puts into delivering a safe and wholesome product to the consumer table, no matter where they live, be it in Canada or somewhere else in the world.

THE YOUNG DAIRY FARMERS OF SASKATCHEWAN

We are a newly formed non-profit organization created for dairy enthusiasts between the ages of 19 and 40 within Saskatchewan.

Our mission is to create a sense of community and culture within young adults in the Saskatchewan dairy industry via educational and recreational activities.

Our first activity is May 23rd in Saskatoon!

Fairhaven Bowl

3401 22nd St West

7:30pm

$18/person

Future dates for activities

July 25th in Regina

Golfing and BBQ

Details to follow

Oct 10th in Saskatoon

AGM

Guest Speakers

Details to follow

Any questions or concerns please feel free to contact our President Cam Houle.

PH: 306 381 9518

camhoule@hotmail.com

QUOTA LISTING SERVICE

SaskMilk offers a free quota listing service as part of its Newsletter. Anyone wishing to sell or purchase quota and/or cows or miscellaneous dairy equipment is welcome to contact the SaskMilk office at (306) 949-6999. All prices and negotiations will be independent of SaskMilk.

Please note that ads will be posted in two issues and will then be removed unless SaskMilk is notified otherwise.

Cows & Quota for Sale

- 50 good Holstein cows for sale as of June 1st. Herd is on DHIA and preg checked. Please call: Art: (306) 222-8455; Jody: (306) 716-2520; John (604) 826-5184

- Selling heifers and cows all ages, fresh and springing or yet to be bred, from a purebred herd that has been closed for 20 years. DHI records available. Contact Sheldon Peifer, Nipawin, SK (306) 862-7140.

- **Three bulls looking for a new workplace!** Two genomic tested bulls, born in August. The third is born on November 26, 2011. For more information call Leslie Wesselingh at (306) 931-3268.

- Milking cows for sale. Contact Jayden at Springbrook Farms – Phone (306) 331-7630.

SASKMILK BOARD OF DIRECTORS

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